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November 1, 2004

**BEFORE THE BOARD OF MILK CONTROL  
OF THE STATE OF MONTANA  
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES**



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**PRODUCER CLASS I PRICE IN MONTANA**

REF: ARM 32.24.301(5)

**CLASS I PRICE FOR MILK TESTING 3.5%  
CLASS I BUTTERFAT PRICE PER POUND**

**\$16.84 /CWT  
\$1.95 /LB**

**EFFECTIVE NOVEMBER 1, 2004:**

The minimum price to pay milk producers, under ARM 32.24.301, is \$16.84  
per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 19.5 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.95.

**PRODUCER CLASS II PRICE IN MONTANA**

REF: ARM 32.24.301(6)

**CLASS II PRICE FOR MILK TESTING 3.5%**

**\$12.21 /CWT**

Average spray process dry milk solids  
price per pound = \$0.88250  
Multiplied by 8.2 x 8.2

\$7.23650

\$7.23650

Last quote of the month for Grade AA butter  
minus a differential of \$.0895 = \$1.45550  
Multiplied by 4.2 x 4.2

\$6.11310

+ \$6.11310

LESS a make allowance of 8.5% ( \$13.3496 X .085)

\$13.34960

- \$1.13472

**\$12.21488**

Rounded to the nearest whole cent = **\$12.21 /hundredweight.**

**CLASS II BUTTERFAT PRICE PER POUND****\$1.62 /LB**

|   |   |           |          |           |
|---|---|-----------|----------|-----------|
| Last quote of the month for Grade AA butter |   |           |          |           |
| minus a differential of \$.0895             | = | \$1.45550 | X .111 ) | =         |
| Rounded to the nearest half cent            |   |           |          | =         |
|   |   |           |          | \$0.16156 |
|   |   |           |          | \$0.162   |

|                           |        |
|---------------------------|--------|
| Butterfat value per pound |        |
| for milk at 3.5% test:    | \$1.62 |

|  |                  |         |
|--|------------------|---------|
| Hundredweight price of milk testing 3.5% | =                | \$12.21 |
| LESS 3.5 pounds of butterfat at          | \$1.62 per pound | -       |
| Value of 96.5 pounds of skim             |                  | =       |
|  |                  | \$6.540 |

**CLASS II VALUE OF  
ONE POUND OF SKIM**

|                      |   |               |
|----------------------|---|---------------|
| 6.540 / 96.5 pounds) | = | \$0.06777 /LB |
|----------------------|---|---------------|

**PRODUCER CLASS III PRICE IN MONTANA**

REF: ARM 32.24.301(7)

**CLASS III PRICE PER CWT FOR MILK TESTING 3.5%****\$10.38 /CWT**

|                         |           |             |               |
|-------------------------|-----------|-------------|---------------|
| 3.5 pounds of butterfat | \$1.31    | per pound = | \$4.585       |
| 96.5 pounds of skim     | \$0.06006 | per pound = | \$5.796       |
|                         |           |             | \$10.381 /CWT |

**CLASS III BUTTERFAT PRICE PER POUND****\$1.31 /LB**

|   |           |
|---|-----------|
| Last quote of the month for Grade AA butter |           |
| minus a difference of \$.0895               | =         |
| LESS 10%                                    | -         |
|   | \$1.45550 |
|   | \$0.14555 |
|   | \$1.30995 |

|                                   |   |                   |
|-----------------------------------|---|-------------------|
| Rounded to the nearest whole cent | = | \$1.31 per pound. |
|-----------------------------------|---|-------------------|

**CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED****\$6.00630 /CWT**

|  |           |
|--|-----------|
| Avg. spray process dry milk solid price/lb : | \$0.82250 |
| Multiplied by 8.2                            | 8.2       |
|  | \$7.23650 |
| LESS 17%                                     | \$1.23021 |
|  | \$6.00630 |

|                                   |                           |
|-----------------------------------|---------------------------|
| Rounded to the nearest whole cent | \$6.01 per hundredweight. |
|-----------------------------------|---------------------------|

BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by: Monte Nick  
Monte Nick, Bureau Chief  
Montana Milk Control Bureau

## BREAKDOWN BY TEST FOR CLASS I, II &amp; III SKIM PRICES

| CLASS I SKIM PRICE BASED ON<br>\$16.84 FOR 3.5% MILK<br>96.5 LBS = \$10.015 |          |          | CLASS II SKIM PRICE BASED ON<br>\$12.21 FOR 3.5% MILK<br>96.5 LBS = \$6.540 |             |          | CLASS III SKIM PRICE BASED ON<br>\$10.38 FOR 3.5% MILK<br>96.5 LBS = \$5.796 |          |          |
|---|----------|----------|---|-------------|----------|--|----------|----------|
| Blend Prices  |          |          | Blend Prices  |             |          | Blend Prices   |          |          |
| Quota   |          | Excess   | Quota   |             | Excess   | Quota  |          | Excess   |
| Jan-95  | \$ 13.70 | \$ 9.29  | Jul-98  | \$ 12.91    | \$ 12.54 | Jan-02   | \$ 12.99 | \$ 10.60 |
| Feb-95  | \$ 13.27 | \$ 8.91  | Aug-98  | \$ 14.53    | \$ 13.06 | Feb-02   | \$ 12.90 | \$ 10.78 |
| Mar-95  | \$ 13.40 | \$ 9.14  | Sep-98  | \$ 16.03    | \$ 13.37 | Mar-02   | \$ 12.77 | \$ 10.50 |
| Apr-95  | \$ 13.12 | \$ 9.24  | Oct-98  | \$ 16.12    | \$ 14.72 | Apr-02   | \$ 12.72 | \$ 10.20 |
| May-95  | \$ 13.53 | \$ 8.83  | Nov-98  | \$ 16.34    | \$ 15.91 | May-02   | \$ 12.55 | \$ 10.84 |
| Jun-95  | \$ 12.89 | \$ 8.38  | Dec-98  | \$ 17.17    | \$ 15.55 | Jun-02   | \$ 11.51 | \$ 8.79  |
| Jul-95  | \$ 12.63 | \$ 8.77  | Jan-99  | \$ 16.94    | \$ 10.92 | Jul-02   | \$ 12.30 | \$ 9.46  |
| Aug-95  | \$ 13.31 | \$ 9.09  | Feb-99  | \$ 17.54    | \$ 9.92  | Aug-02   | \$ 11.82 | \$ 10.15 |
| Sep-95  | \$ 13.09 | \$ 9.45  | Mar-99  | \$ 16.75    | \$ 9.63  | Sep-02   | \$ 11.86 | \$ 10.36 |
| Oct-95  | \$ 13.51 | \$ 9.62  | Apr-99  | \$ 11.95    | \$ 10.31 | Oct-02   | \$ 11.68 | \$ 10.11 |
| Nov-95  | \$ 13.73 | \$ 9.71  | May-99  | Missing May |          | Nov-02   | \$ 11.60 | \$ 10.66 |
| Dec-95  | \$ 14.17 | \$ 10.34 | Jun-99  | \$ 12.86    | \$ 9.51  | Dec-02   | \$ 12.04 | \$ 10.61 |
| Jan-96  | \$ 14.77 | \$ 10.75 | Jul-99  | \$ 12.85    | \$ 11.66 | Jan-03   | \$ 12.85 | \$ 10.61 |
| Feb-96  | \$ 14.75 | \$ 9.63  | Aug-99  | \$ 13.25    | \$ 13.11 | Feb-03   | \$ 11.08 | \$ 9.52  |
| Mar-96  | \$ 13.39 | \$ 9.94  | Sep-99  | \$ 14.79    | \$ 12.26 | Mar-03   | \$ 11.31 | \$ 9.65  |
| Apr-96  | \$ 13.78 | \$ 9.40  | Oct-99  | \$ 16.32    | \$ 10.20 | Apr-03   | \$ 11.10 | \$ 10.06 |
| May-96  | \$ 14.18 | \$ 9.37  | Nov-99  | \$ 17.00    | \$ 8.10  | May-03   | \$ 11.17 | \$ 9.80  |
| Jun-96  | \$ 13.98 | \$ 9.84  | Dec-99  | \$ 12.68    | \$ 8.18  | Jun-03   | \$ 10.99 | \$ 9.49  |
| Jul-96  | \$ 15.42 | \$ 11.48 | Jan-00  | \$ 11.39    | \$ 8.14  | Jul-03   | \$ 11.23 | \$ 10.00 |
| Aug-96  | \$ 16.52 | \$ 13.19 | Feb-00  | \$ 12.33    | \$ 7.98  | Aug-03   | \$ 11.65 | \$ 12.40 |
| Sep-96  | \$ 16.14 | \$ 13.37 | Mar-00  | \$ 12.15    | \$ 8.05  | Sep-03   | \$ 12.58 | \$ 12.67 |
| Oct-96  | \$ 16.33 | \$ 12.47 | Apr-00  | \$ 12.18    | \$ 8.03  | Oct-03   | \$ 14.50 | \$ 14.08 |
| Nov-96  | \$ 17.19 | \$ 10.54 | May-00  | \$ 12.35    | \$ 7.79  | Nov-03   | \$ 14.09 | \$ 12.38 |
| Dec-96  | \$ 15.41 | \$ 8.09  | Jun-00  | \$ 12.47    | \$ 7.83  | Dec-03   | \$ 14.60 | \$ 11.22 |
| Jan-97  | \$ 13.25 | \$ 11.85 | Jul-00  | \$ 13.11    | \$ 9.21  | Jan-04   | \$ 14.15 | \$ 10.59 |
| Feb-97  | \$ 13.01 | \$ 9.83  | Aug-00  | \$ 13.51    | \$ 8.04  | Feb-04   | \$ 12.75 | \$ 11.64 |
| Mar-97  | \$ 13.35 | \$ 9.95  | Sep-00  | \$ 13.38    | \$ 9.53  | Mar-04   | \$ 13.15 | \$ 12.48 |
| Apr-97  | \$ 13.84 | \$ 9.88  | Oct-00  | \$ 13.49    | \$ 8.14  | Apr-04   | \$ 14.23 | \$ 13.94 |
| May-97  | \$ 13.79 | \$ 8.11  | Nov-00  | \$ 13.40    | \$ 10.31 | May-04   | \$ 14.45 | \$ 13.95 |
| Jun-97  | \$ 12.37 | \$ 8.09  | Dec-00  | \$ 12.82    | \$ 9.29  | Jun-04   | \$ 18.35 | \$ 12.97 |
| Jul-97  | \$ 12.34 | \$ 8.14  | Jan-01  | \$ 14.01    | \$ 10.23 | Jul-04   | \$ 19.04 | \$ 10.58 |
| Aug-97  | \$ 12.41 | \$ 9.59  | Feb-01  | \$ 13.47    | \$ 9.91  | Aug-04   | \$ 17.27 | \$ 11.19 |
| Sep-97  | \$ 12.80 | \$ 10.38 | Mar-01  | \$ 12.84    | \$ 10.47 | Sep-04   | \$ 14.63 | \$ 11.29 |
| Oct-97  | \$ 13.76 | \$ 10.50 | Apr-01  | \$ 14.10    | \$ 11.76 | Oct-04   |          |          |
| Nov-97  | \$ 14.05 | \$ 11.22 | May-01  | \$ 14.68    | \$ 12.62 | Nov-04   |          |          |
| Dec-97  | \$ 14.22 | \$ 10.43 | Jun-01  | \$ 15.78    | \$ 13.09 | Dec-04   |          |          |
| Jan-98  | \$ 14.16 | \$ 10.10 | Jul-01  | \$ 15.48    | \$ 13.36 | Jan-05   |          |          |
| Feb-98  | \$ 14.38 | \$ 10.11 | Aug-01  | \$ 16.52    | \$ 13.92 | Feb-05   |          |          |
| Mar-98  | \$ 14.50 | \$ 9.65  | Sep-01  | \$ 15.74    | \$ 14.58 | Mar-05   |          |          |
| Apr-98  | \$ 14.50 | \$ 9.65  | Oct-01  | \$ 16.74    | \$ 13.29 | Apr-05   |          |          |
| May-98  | \$ 13.72 | \$ 8.71  | Nov-01  | \$ 15.40    | \$ 12.22 | May-05   |          |          |
| Jun-98  | \$ 13.37 | \$ 10.65 | Dec-01  | \$ 14.90    | \$ 10.38 | Jun-05   |          |          |

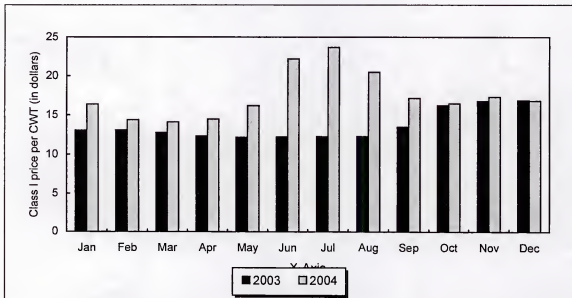
## PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2003 and 2004

Statistics from the Montana Milk Control Bureau

| Month     | 2003           | 2004           | Difference      | % Change      |
|-----------|----------------|----------------|-----------------|---------------|
| January   | \$13.07        | \$16.39        | \$3.32          | 25.40%        |
| February  | \$13.11        | \$14.40        | \$1.29          | 9.84%         |
| March     | \$12.78        | \$14.14        | \$1.36          | 10.64%        |
| April     | \$12.36        | \$14.49        | \$2.13          | 17.23%        |
| May       | \$12.19        | \$16.19        | \$4.00          | 32.81%        |
| June      | \$12.26        | \$22.20        | \$9.94          | 81.08%        |
| July      | \$12.29        | \$23.68        | \$11.39         | 92.68%        |
| August    | \$12.32        | \$20.50        | \$8.18          | 66.40%        |
| September | \$13.52        | \$17.17        | \$3.65          | 27.00%        |
| October   | \$16.26        | \$16.49        | \$0.23          | 1.41%         |
| November  | \$16.82        | \$17.33        | \$0.51          | 3.03%         |
| December  | <u>\$16.92</u> | <u>\$16.84</u> | <u>(\$0.08)</u> | <u>-0.47%</u> |
| Average   | \$13.66        | \$17.49        | \$3.83          | 30.59%        |

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

SEPTEMBER 2004: class I = \$9.65; class II = \$0.85; Class III = \$4.27; total = \$14.77

(calculations based upon utilization percentages of butterfat &amp; skim)